

4 October 1985

OLL 85-2982

MEMORANDUM FOR: DDA
D/OLL

FROM:

STAT

SUBJECT: Stevens Retirement Bill

1. Attached hereto is the Stevens Supplemental Retirement Bill as the Government Affairs Committee voted it out on 2 October. Also attached is a comparison chart depicting the differences between the current Civil Service system and the Stevens proposal, and the substantive changes that Stevens agreed to in order to get support from Senate Democrats.

2. Still more changes will be made before the Stevens Bill hits the Senate floor. The Senator cut a deal with the Administration: his Bill will not exceed 21.9 percent of payroll. While cost figures will not be available until 7 October, the Government Accounting Office has told Stevens that it is nearly certain that his Bill costs the Government too much. The Senator stated today that he will not change the COLA or the Thrift Plan. He told his Staff that he will cut cost in either the survivor benefits, the disability benefits, or in the rate of accrual. He will let the Staff know his decision by 8 October.

3. As of today, Stevens has given up on his idea of attaching his Bill to the 1986 Senate Budget Reconciliation Bill. He will look for another vehicle to attach it to; one possible Bill is HR 3384. This measure, which deals with Federal Health Benefits, passed the House 30 September and is endorsed by Senator Stevens. I expect that the Senator will introduce his Bill as a separate measure and get quick passage in the Senate. I also expect the House Civil Service Committee to call quick hearings, and to vote out a plan with enhanced benefits. The House Committee has a legislative package under wraps; Congressman Bill Ford, Chairman of the Committee, is leaning toward dealing with the Stevens Bill rather than introducing his own version.

4. The Houses will meet in conference and negotiate a final Supplemental Retirement plan. As I earlier predicted, this can happen before Congress adjourns in mid-November, but it will be difficult. Both Stevens and Ford are pushing for passage

before adjournment, but the Congressional Calendar is packed, and House Democrats think that the benefits provided for in the Stevens plan are inadequate. The willingness of the House / Senate conferees to compromise will determine whether a supplemental retirement law is enacted by December 1985 or early next year. If the December 1985 deadline is not met, Congress will either extend the temporary stop gap, or post-31 December 1984 employees will pay about 14.5 percent of salary into the Social Security / Civil Service systems and be reimbursed.

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